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EVALUATION CRITERIA
FOR
CONCESSIONAIRE OPERATED CAMPGROUNDS

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ABSTRACT

The Forest Service has begun to investigate and implement cost saving measures in its recreation programs. One alternative which is being investigated is the use of concessioners to operate existing Forest Service campgrounds. The primary objective of this pilot program is to determine whether a cost-savings can be realized by the Forest Service while maintaining the same or increased level of service to the user public.

This paper addresses the issue of how to evaluate the concessioners performance in detail during the period of operation, and in total at season's-end. A systematic methodology for evaluating concessioners performance and evaluative criteria are proposed. Evaluative criteria are divided into three major components - 1) Annual Summary of periodic reviews. 2) End-of-year financial condition. 3) Compatability of concessioners actions and Forest Service mission and objectives.

The proposed methodology and evaluative criteria will enable Forest Service personnel to make rationale, systematic and objective judgements concerning concessioners performance.

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INTRODUCTION

Public demand and utilization of National Forest campgrounds continues to increase. At the same time inflation, budget limits and personnel ceilings are curtailing the Forest Service's ability to operate and maintain these facilities.

At the national level the Recreation Management budget allocation was 113.4 million in FY 1980, 111.5 million in FY 1981, and 114.2 million in FY 1982. The number of Forest Service employees for 1979 to 1981 was 21,894 in CY 1979, 21,497 in CY 1980, and 21,506 (est.) in CY 1981.

Within the Forest Service, national budgets and personnel ceilings are disaggregated to the Regions and then to the National Forest level. Current budgets and program emphasis will, in some cases, impact much more seriously individual Forest's recreation budgets than the total agency figures indicate, especially when the effects of inflation and increasing public use are considered. Methods for operating campgrounds at less cost with fewer people will become increasingly important to recreation managers at the National Forest and Ranger District level.

Historically, operation of public recreation facilities by private individuals within the National Forest has generally been limited to ski areas, resorts, lodges and outfitters. Most campgrounds on National Forest lands have been developed and operated by the Forest Service. This has limited the agency's experience to operate these types of facilities by other methods.

During 1982 concessionaires will operate selected National Forest campgrounds on a trial basis. Administrative and procedural problems will be resolved during this period. However, at the end of the trial program the question - Is this concession operation in the best public interest? - will need to be answered. The purpose of this report is to recommend some evaluation criteria and a systematic method to be utilized in rating the performance of concession operated campgrounds. It is important to note that this paper focuses on only

existing Forest Service campgrounds where little or no capital investment need be expended by the private operator.

Three areas of concern exist as to what constitutes expression of this public interest. Forest Service mission, policy and objectives derived from legislation are assumed to express public values. For a free market, a reasonable profit is an expectation of any entrepreneur, and a satisfied consumer is required for the entrepreneur to receive such a profit. The existence of both of these latter two criteria in a market transaction are accepted as expressions of the public being well served.

LITERATURE REVIEW

A literature search was conducted for the purpose of collecting information which could be utilized to compile a concession campground evaluation methodology. More importantly, input was sought for establishing evaluation criteria which could be used to rate the success or failure of future Forest Service campground concession operations.

The need to increase the private sector role in concession operated campgrounds within National Forests has been well documented (La Page, 1981; MacCleary, 1981). As the Forest Service begins pilot testing concession operations in certain Forest Service campgrounds and recreation areas, attention is being focused on how to best manage these campgrounds and still provide a high level of satisfaction to the user-public.

Gregersen (1977) states that few, if any, States attempt to quantify the benefits accruing from recreation programs. States are currently emphasizing the cost-effectiveness approach to the evaluation of recreation programs. No attempt has been made in this paper to quantify the benefits accruing to the Forest Service through concession operated campgrounds in the traditional benefit/cost sense.

The National Park Service has established a formal concessions branch within the Park Service. The Park Service has developed a manual to be utilized by

its concessions specialists which provides a means for systematically evaluating concession operations. These concession operations include restaurants, lodgings, retail stores, marinas, tour operations, and gasoline service stations. The Park Service has established an evaluation program for each of its different kinds of concession operations.

Prospectuses for the U.S. Forest Service proposed campground concession operation of four Forest Service campgrounds (1982) and Yellowstone concession operations (National Park Service, 1981) were extremely helpful in providing insight on specific evaluation criteria for concession operations. The Forest Service prospectus provides potential bidders the opportunity to operate and maintain Forest Service recreation facilities in return for a fee. The prospectus provides sample special permits which specify contractual obligations of potential operators. Obviously, it is important to know the concession operator's obligations when establishing criteria for evaluating the contractors success or failure. The Yellowstone prospectus (National Park Service, 1981) presented a sharp contrast to future Forest Service campground concession operations. In Yellowstone, as in most other National Park Units, the facilities and capital improvements are owned by the concessionaire. In order to terminate a contract, the federal government must purchase the capital improvements prior to contract termination. The situation is more simplified in the Forest Service because the improvements are government owned and contract termination is relatively easy.

Additional input, regarding criteria appropriate to the evaluation of campground concession operations, was obtained from discussions with concessions specialists from Los Angeles County Department of Parks and Recreation, California Department of Parks and Recreation, and Arizona Department of Parks and Recreation. It was found that the State of Arizona and Los Angeles County have little in the way of a formal concessions evaluation program, but they do have some standardization in the form of evaluation criteria. Similarly, California has little in the way of a concessions evaluation program, but currently are in the process of developing a formalized concessions evaluation program.

The General Accounting Office (1980), and Bureau of Budget, Executive Office

of the President (1966) has conducted two separate independent evaluations of National Park Service concession operations. The GAO (1980) reported that the National Park Service needed to improve its methods of evaluating concessioner performance. Specifically, the GAO recommended implementing a means of soliciting visitor comments and utilizing the comments as one measure of effectiveness of concessioner performance.

The U. S. Forest Service, offices of Personnel Management and Recreation Management maintains information on the numbers of Forest Service employees and recreation budget levels. They report that both numbers of employees and budgets have remained relatively constant over the last three years.

Dr. Robert Marty, School of Forestry, Michigan State University suggests utilizing concessioner financial records as a means of determining net income, and recommended cost-per-camp unit as a financial index. Rates of return on risk-free investments were obtained from bi-weekly posting of T-Bills rates by the Bank of America, Pasadena Branch.

Methodology

This paper was prepared with the purpose of providing the reader with some objective suggestions of evaluation criteria and a systematic method to be utilized in rating the performance of Forest Service concession campground operations.

The primary technique used in the preparation of this paper was to review and evaluate available literature pertaining to outdoor recreation. Additionally, concepts were developed through discussions with concession specialists from Los Angeles County Department of Parks and Recreation, California Department of Parks and Recreation, Arizona Department of Parks and Recreation, and other Forest Service personnel.

The methodology, or mechanical procedure, presented here for evaluating concession operations, closely parallels the National Park Service's Concession Evaluation Program. It has been modified to be applicable to Forest Service campground concessionaire operations.

Recommendations

The primary objective of concession evaluation is to provide visitors quality services which are safe, healthful, and enjoyable. A monitoring system implemented throughout the season will assist achievement of a consistent, high level of services and an accurate measure of program accomplishment.

I. Campground Concession Evaluation Program

The National Park Service currently operates an intensive Concession Evaluation Program. This paper recommends the establishment of a program similar to that used by the National Park Service. A considerable amount of the concession work experience by the Park Service could be adapted to a relatively similar Forest Service evaluation program. This presents an opportunity for the Forest Service to build an effective and realistic concession evaluation program based on field evaluation. Such a program will maintain the quality of the sites and of the services being provided, resulting in continued and improved user satisfaction.

The concession evaluation program establishes operational standards for facilities and services afforded the public, provides a method for determining their performance level, permits concessioners the opportunity to correct deficiencies without being unfairly penalized, and also spells out specific responsibilities for Forest Service personnel. It is based on the contractual obligations outlined in the prospectus for each proposed concessionaire operation. These may differ from one campground to another and must be clearly understood by the Forest Service and operator.

The following program provides a systematic method for determining operational performance on a periodic and annual basis using established standards for facilities and services authorized. The standards established for each type of facility or service are composed of distinct elements which are pertinent to satisfactory performance. These elements are classified:

Major

Priority (A)

Priority (B)

Minor

Priority (C)

The classification assigned each element is a measure of the importance in providing a satisfying experience to the campground visitor.

Conformance to the standards is measured quarterly for year-round campgrounds and three times for seasonal campgrounds. A comprehensive inspection and follow-up on each individual concession operation is made using the standards found in this paper. Facilities and operations are rated for each period using the rating criteria set forth on page 8 of this document.

At the end of the year, the periodic operational ratings for each campground are summarized on the Summary of Periodic Operational Ratings form (Appendix B) and an average periodic rating for the year is computed. As a final step in the operational evaluation process, the concessioner's operational performance for the entire year is rated. This annual overall concession operational rating is made by the Forest Service after a careful review of the summaries of the periodic operational ratings and other supportive data. Following this review, an annual operational rating of either "Satisfactory", "Marginal", or "Unsatisfactory" is assigned to the campground concession. A detailed discussion of the concession review process is found below.

Classification, Inspection and Rating Procedures

Detailed below are the criteria and detailed inspection and rating procedures to be used in conducting a concessioner's operational performance evaluation.

A. Element Classification. Elements on the Periodic Campground Concession Inspection Report (Appendix A) have been classified as follows:

1. Major

Priority (A) Conditions or practices which have the potential for, or exert a significant impairment to the services essential to the well-being and enjoyment of visitors. Included are health and safety items which pose an immediate threat to the public.

Priority (B) Conditions or practices which have the potential for, or exert a moderate impairment to the services essential to the well-being and enjoyment of visitors. Threats to the public health and safety are not immediate but would likely occur within two weeks if not corrected.

2. Minor

Priority (C) Conditions or practices which have a potential for, or exert an impairment to the services and which may result in inconvenience to the visitor. Health and safety hazards do not exist.

B. Inspection

1. Periodic Inspections. The Forest Service representative is to conduct an inspection of the physical sites, facilities and the campground operations three times for seasonal operations and quarterly for year-round operations. The number of periodic inspections may be reduced or increased as necessary.
2. Personnel. All inspections should be conducted by Forest Service employees, trained in the proper use of the Campground Concession Evaluation Program.

C. Corrections. Major (A and B items) deficiencies identified during an evaluation should be corrected within 15 days. Minor (C items) should be corrected prior to the next routine inspection. These correction periods can be reduced or extended by the Forest Service.

At the start of the inspection, the inspector will enter in the spaces provided on the Periodic Campground Concession Inspection form (Appendix A), all identifying data such as the concessioner's name, name of campground area, and so forth.

During the inspection, all deficiencies shall be described in appropriate detail on the Inspection Report. A review of these deficiencies should be made to determine if there has been a meaningful deviation from the standard for any applicable element. If so, a check shall be placed after the appropriate numbered element and the required correction date(s) entered in the space provided. The total number of A's, B's, and C's shall then be calculated and entered in the space provided at the bottom of the form. Regardless of the number of times a given element is found deficient, it should only be checked and counted once since ratings are determined by the number of A, B and/or C elements found deficient.

D. Assigning the Periodic Rating. Upon completing the initial periodic inspection, the inspector will analyze and assign, in the space provided on the Inspection Report preliminary numerical rating using the rating criteria set forth below.

Periodic Evaluation Rating Criteria

Numerical Rating

Definitions

SATISFACTORY

5

Routinely exceeds standards, No Major Priority (A) or Priority (B) deficiencies. Very few, if any, Priority (C) deficiencies exist. Consistently provides outstanding visitor facilities and services.

4

Almost always meets standards. No Priority (A) exist. Priority (B) and Priority (C) deficien-

cies may exist.

- 3 Usually meets standards. A few Priority (A) deficiencies exist. Priority (B) and Priority (C) deficiencies may exist.

UNSATISFACTORY

- 2 Many Major (A & B) and other deficiencies exist. Generally does not meet standards.
- 1 Fails to meet 2 level rating criteria. Overall performance is totally inadequate.

Where no A or B deficiencies are noted, the rating given will be a final rating for that period. In other cases, the final rating will be made after the lapse of the 15 days or other specified correction period.

Immediately upon completing the inspection, the inspector and concessioner should discuss the entire inspection to decide on a specific plan for making correction within the established correction period. The inspector and concessioner should then date and sign the evaluation form with a copy given to the concessioner.

E. Follow-Up Inspections. The required periodic follow-up inspections should be made as soon as possible after the time specified in the report. If "A" or "B" deficiencies have not been corrected, the initial rating should be downgraded one (1) point and such final rating entered on the Report and a copy furnished the concessioner.

F. Averaging Periodic Ratings. At the end of the evaluation rating periods, the individual periodic ratings for a given campground or recreation area are to be summarized on the Summary of Periodic Operational Ratings form (Appendix B). The rating scores should be totaled at the bottom of this form and then an average score calculated for that specific campground. A MARGINAL or UNSATISFACTORY rating would provide a documented basis for

discontinuing that concessionaire operation. A SATISFACTORY rating would be one end-of-year measure of a successful operation.

Two additional factors need be addressed when reviewing a concession operators performance at the end of an operating season. First, the concession operator's end-of-year financial condition must be examined to evaluate his/her annual return on investment and net income above costs. Secondly, the Forest Service needs to assess the operator's operational intent of the recreation area and its compatibility with Forest Service mission and goals.

II. Financial Condition - Evaluation of a concession operator's financial condition is important. The net income needs to be high enough to insure continued operation by the concessionaire. Otherwise, bail-out intervention by the Forest Service, or possibly, closure of the campground could result. An operation producing a low level of net income could result in deterioration of the services provided in an attempt to increase income.

It is extremely important that there be good initial planning in the selection of campgrounds to be turned over to the private sector. Lund (1980) attributes much of past marginal performance of concessioner operations on National Forest Lands to poor initial planning by both private and public sector managers. Forest Service personnel must utilize sound criteria and judgement in assuring that the recreation areas are capable of being operated at a profit to the operator.

Lund (1980) reported that private campground operators who made capital investments were reporting a 5 percent or less return to capital. It is important to emphasize that these operators were required to make a substantially large capital investment. Forest Service campground concession operations will be incurring little or no capital investment costs. The only costs accruing to these operators other than annual operation and maintenance costs would be investments in transportation or specialized equipment.

Net income should be utilized as the financial standard or base of financial

evaluation. To be successful, annual operation costs (including a prorated percentage of capital investment) must be less than the gross annual income. The actual or net income above operation and maintenance costs will vary depending on a number of factors. A methodology needs to be developed which enables Forest Service personnel to determine net return to the concessionaire. Some factors to be considered in such a methodology are given below.

Several items could to be evaluated prior to establishing an appropriate net income level for any specific campground concession operation.

First, the inherent complexity of the work involved, (e.g. number of camping sites, types of services offered, past occupancy rates, season(s) of use, and so forth.)

Second, a review of salaries within a comparable geographic zone should be made to determine the "going rate" for this type of work. Forest Service, National Park Service, State and local parks and recreation agencies, and privately operated campgrounds should all be included in the survey.

Third, the prorated amount of any capital investment attributed to the period of time being evaluated needs to be determined.

These factors would provide a basis to determine an equitable return to the operator.

Comparing net return to historic Forest Service labor cost for the same or similar campground provides an additional basis for estimating equitable salary. Lund (1980) reports \$26,000 labor costs for an average 80 unit campground, or \$325 per unit. The United States Department of Agriculture, Forest Service (1982, Prospectus, concession operation) indicates a range of labor cost from \$249 per unit to \$149 per unit.

Where it is necessary for the concessionaire to make a capital investment in order to operate the campground, then a return to net income, in addition to

comparable salary, would be reasonable. Lund (1930) suggests a 10% rate of return would not be excessive. Since the investment is assumed to be in equipment lasting only a few years, current interest rates would be more applicable. Short-term risk-free investments are available in the 15% range. Therefore, a rate of return near 20% seems reasonable at the present time.

11. Mission and Objectives - The Forest Service must determine whether the past practices and future intent of the concessioner are compatible to the Forest Service general recreation mission and objectives. The Forest Service Manual (2340.2) states the following in regard to the objective of Forest Service recreation concession operations.

Objective - To permit private persons or organizations to develop suitable sites on National Forest System lands for recreation purposes which serve public needs whenever such needs are evident and uses are consistent with the overall land management objectives, and whenever such uses represent the highest and best long-term use of the land.

The annual rating given concession managers through periodic review of the concession operation will, in most cases, determine whether the operator is seeking and working toward objectives compatible with Forest Service objectives. However, the person reviewing the annual concession operation should have an awareness of over-all land management responsibilities. Changes in types of users, increase law enforcement needs, and excessive site deterioration could indicate unsatisfactory performance.

Summary and Conclusions

The intent of this paper has been to provide recommendations concerning an approach for evaluating campground concession operations. The method presented as a means for measuring concession performance is an adaptation of the National Park Service Concession Evaluation Program.

The evaluation criteria presented include three major components. 1)

Annual Summary of Periodic Reviews. 2) End-of-year financial condition of concessioner. 3) Compatibility of operator's actions and intents to Forest Service mission and objectives.

The Forest Service evaluator will be required to use some subjective judgement when evaluating a concessioner's performance. However, the process involved in reviewing the operator's performance is systematic, and increasing amounts of the inherent subjectivity can be removed over time as the system is tested.

The proposed system of measuring concessioner performance and the usefulness of suggested evaluation criteria will be beneficial to the degree of acceptance at the field level. The periodic performance evaluations will accomplish their goal only if personnel are adequately trained to measure concessioner performance and follow-up on deficiencies is made. Hopefully, the proposed system is a systematic procedure which will allow for objective evaluation of concession operations. The recommendations are only meant to serve as suggestions.

Ultimately, the person evaluating the concession operation must answer the question which was posed at the beginning of this paper - Is this concession operation in the best public interest? This proposed evaluation system and evaluative criteria will enable an evaluator to answer this question more objectively.

APPENDIX A: Periodic Campground Concession Evaluation Form¹

U.S. FOREST SERVICE

Forest District

Periodic Campground

Campground

Concession Evaluation Form

Name of Concessioner

NOTICE TO CONCESSIONER: The element checked (x) below were found deficient. This date and must be corrected by the date(s) specified below.

ELEMENTS/CLASSIFICATION

(Circle applicable element numbers and (x) in space provided those which are deficient)

- Item No. Element
- PHYSICAL IMPROVEMENTS
1. Tables (B) _____
 2. Fireings (B) _____
 3. Stoves (B) _____
 4. Shelters (B) _____
 5. Forest Service Signs _____
 6. Concession Signs (C) _____
 7. Public Restrooms (A) _____
 8. Garbage & Trash Pickup (A) _____
 9. Employee Housing (B) _____
 10. Fee Collection Station (A) _____
 11. Other Buildings (B) _____
 12. Trash Bins (C) _____
 13. Bulletin Boards (C) _____
 14. Sanitary Dump Station (B) _____
 15. Roads (B) _____

- Item No. Element
- OPERATIONAL
16. Parking Areas (B) _____
 17. Trails (B) _____
 18. Boat Ramp (B) _____
 19. Sewage System (A) _____
 20. Other _____
 21. Employee Performance (A) _____
 22. Employee Attitude (A) _____
 23. Employee Appearance (B) _____
 24. Operating Hours (B) _____
 25. Staffing (A) _____
 26. Authorized Rates (A) _____
 27. Water Service and System (A) _____
 28. Law Enforcement (B) _____
 29. Other _____

ITEM

NO.	DESCRIPTION OF DEFICIENCIES	CORRECTED BY	DATE
CORRECTED		DATE	

INSPECTION DATE	NUMBER OF DEFICIENCIES BY CLASSIFICATION	NUMERIC PERIODIC RATING	INSPECTOR	CONCESSIONER
	(A) (B) (C)	()	(SIGNATURE)	(SIGNATURE)

INITIAL

PRELIMINARY

FOLLOWUP

() (SIGNATURE) (SIGNATURE)
FINAL

¹The importance which has been assigned to each element (i.e. "A", "B", or "C") are only suggestions and are subject to change.

APPENDIX B: Summary of Periodic Campground Concession Operational Ratings

U.S. FOREST SERVICE
Summary of Periodic Campground Concession Operations

Concessioner _____ District _____
Campground _____ Forest _____

<u>INSPECTION PERIOD</u>	NUMBER OF DEFICIENCIES BY CLASS			RATING PRELIMINARY/ FINAL
	(A)	(B)	(C)	
<u>1st Periodic Rating Period</u>				DATE _____
Initial Inspection	_____	_____	_____	_____/____
15-Day Follow-Up	_____	_____	_____	
Next Routine Inspection	_____	_____	_____	
<u>2nd Periodic Rating Period</u>				DATE _____
Initial Inspection	_____	_____	_____	_____/____
15-Day Follow-Up	_____	_____	_____	
Next Routine Inspection	_____	_____	_____	
<u>3rd Periodic Rating Period</u>				DATE _____
Initial Inspection	_____	_____	_____	_____/____
15-Day Follow-Up	_____	_____	_____	
Next Routine Inspection	_____	_____	_____	
<u>4th Periodic Rating Period</u>				DATE _____
Initial Inspection	_____	_____	_____	_____/____
15-Day Follow-Up	_____	_____	_____	
Next Routine Inspection	_____	_____	_____	

PERIODIC RATING SUMMARY

1st Rating Period

2nd Rating Period

3rd Rating Period

4th Rating Period

TOTAL SCORE

FINAL SCORES

Average Annual Periodic

Operational Rating

(Divide total score by the
number of rating periods
and round off to the near-
est tenth)

Operational Rating

() SATISFACTORY

() MARGINAL

() UNSATISFACTORY

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